

## Message Text

PAGE 01 LIMA 02231 191958Z

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ACTION ARA-10

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4366

C O N F I D E N T I A L LIMA 2231

E.O. 11652: GDS

TAGS: ELAB, PE

SUBJECT: AIFLD UNION-TO UNION (ITS) PROGRAM FOR CY 1975

REF: LIMA 9554 OF 1974

SUMMARY. DUE TO INCREASING GOP SENSITIVITY TO ALLEGED USG INVOLVEMENT IN PERUVIAN INTERNAL MATTERS, EMBASSY HAS HAD AID-FUNDED LABOR PROGRAMS RELATING TO PERU UNDER REVIEW. THE EMBASSY CONCLUDED THAT THE SPECIAL PERU ITS PROGRAM CLOSELY MONITORED BY THE EMBASSY WAS COUNTER-PRODUCTIVE. THEREFORE WE RECOMMENDED THAT ANY INTERNATIONAL TRADE SECRETARIAT (ITS) PROGRAM RELATING TO PERU BE ABSORBED IN REGIONAL GRANT WITH EMBASSY ROLE LIMITED TO ROUTINE REVIEW OF OVERALL GRANT AND CLEARANCES IF NEW PROGRAMS CONTEMPLATED. EMBASSY ALSO CONCLUDED THAT AIFLD PARTICIPATION IN PROGRAM SHOULD BE MINIMAL. END SUMMARY.

1. IN 1971 THE GOP REQUESTED TERMINATION OF THE AIFLD/PERU PROGRAM. THE REQUEST WAS HONORED BUT THE COUNTRY TEAM DETERMINED THAT ASSISTANCE TO DEMOCRATIC UNIONS SHOULD CONTINUE THROUGH AIFLD AND THE INTERNATIONAL TRADE SECRETARIATS WITH THE ESTABLISHMENT OF A SPECIAL PERU PROGRAM UNDER CLOSE EMBASSY SUPERVISION.

2. MORE RECENTLY, THE GOP TERMINATED THE PEACE CORPS PROGRAM FOLLOWING WIDESPREAD CHARGES IN PERU'S "NEW PRESS" THAT CIA WAS INVOLVED IN PEACE CORPS. PERUVIAN MEDIA AND HIGH GOP OFFICIALS, INCLUDING PRESIDENT VELASCO, CONTINUE TO SPECULATE ON CIA OR OTHER USG INVOLVEMENT IN PERU'S DOMESTIC AFFAIRS DESPITE CONFIDENTIAL

PAGE 02 LIMA 02231 191958Z

EMBASSY DISCLAIMERS. GOP SPECULATION ON USG INTERVENTION IS OF COURSE FED BY INVESTIGATIONS AND DISCLOSURES IN THE U.S. RECENT PUBLICATIONS ON THE CIA, INCLUDING THE AGEE BOOK, IMPLICATE AIFLD AS WELL AS INTERNATIONAL TRADE SECRETARIATS IN CIA LATIN AMERICAN

OPERATIONS.

3. BECAUSE OF INCREASING GOP FOCUS ON ALLEGED USG INVOLVEMENT IN PERUVIAN INTERNAL AFFAIRS, EMBASSY HAS HAD AIFLD PROGRAM UNDER REVIEW FOR SOME TIME. IN 1974 WE CONCLUDED THAT CONTINUED PRESENCE IN LIMA OF AIFLD REPRESENTATIVE (REGIONAL AUDITOR DONOVAN) WAS POLITICAL LIABILITY AND NOT IN KEEPING WITH SPIRIT OF TERMINATION OF AIFLD PROGRAM. FOR THAT REASON WE REQUESTED THAT THE AIFLD REPRESENTATIVE IN PERU BE WITHDRAWN. THAT HAS TAKEN PLACE.

4. EMBASSY FURTHER CONCLUDED THAT A MODEST PROGRAM OF UNION-TO-UNION ASSISTANCE APPROXIMATING CURRENT LEVELS (ABOUT \$65,000 ANNUALLY) WAS WORTHWHILE, BUT PROGRAM SHOULD BE GENUINE ITS OR U.S. UNION ACTIVITY WITHOUT DIRECT U.S. EMBASSY PARTICIPATION. IN JANUARY 1975 THE AMBASSADOR AND LABOR ATTACHE DISCUSSED THIS CONCEPT WITH STATE AND AID OFFICIALS IN WASHINGTON. AMBASSADOR POINTED OUT THAT BOTH THE SPECIAL PERU ITS PROGRAM AND CLOSE EMBASSY MONITORING OF SAME COULD BE INTERPRETED AS USG INTERVENTION IN PERU. THEREFORE, AGREEMENT WAS REACHED WITH AID AND STATE OFFICIALS THAT THE SPECIAL PERU ITS PROGRAM WOULD LAPSE, AND THAT AID FUNDS WHICH WOULD HAVE GONE INTO THE PERU PROGRAM WOULD HENCEFORTH BE INCLUDED IN REGIONAL UNION-TO-UNION (ITS) CY 1975 GRANT PERU ACTIVITIES OF INTERNATIONAL TRADE SECRETARIATS WOULD BE SUBJECT TO NORMAL AID REVIEW AND CONTROLS EXERCISED OVER REGIONAL PROGRAM, WITH OF COURSE CONSULTATION WITH EMBASSY BEFORE INITIATION OF ANY SIGNIFICANT CHANGES IN SIZE OR NATURE OF PROGRAMS CONCERNING PERU. IT WAS DETERMINED THAT MODIFICATIONS TO REGIONAL GRANT FOR INCLUSION OF FORMER SPECIAL PERU PROGRAM WOULD BE WORKED OUT BETWEEN AID AND AIFLD IN WASHINGTON.

5. IN ADDITION, BECAUSE OF AIFLD IDENTIFICATION WITH ALLEGED CIA ACTIVITY IN LATIN AMERICA, THE EMBASSY IS CONVINCED THAT AIFLD MANAGEMENT OF PROGRAMS INVOLVING PERU SHOULD BE MINIMAL. SPECIFICALLY PROGRAM WITH THE PERUVIAN CTP SHOULD BE GENUINE ITS OR U.S. UNION OPERATION AND NOT BE HANDLED THROUGH DIRECT AIFLD CONFIDENTIAL

PAGE 03 LIMA 02231 191958Z

FUNDING AND CONTROL. IN PRACTICE THIS MEANS THAT CONCERNED ITS SHOULD MANAGE PROCEDURES FOR SEMINAR OPERATIONS, COSTS AND REIMBURSEMENT WITHOUT AIFLD (OR EMBASSY) INTERMEDIARY ROLE. ALSO AIFLD/B DIRECTOR WHO CHARGED BY AIFLD WITH RESPONSIBILITY FOR PROGRAMS HERE SHOULD LIMIT HIS ACTIVITIES IN PERU TO A FEW TRIPS PER YEAR IN ORDER TO ARRANGE EDUCATIONAL EXCHANGE PROGRAMS DIRECTLY PERTAINING TO FRONT ROYAL INSTITUTE OR OTHER AIFLD PROGRAMS. THESE TRIPS SHOULD BE COORDINATED WITH EMBASSY.

6. EMBASSY IN NO WAY WISHES TO DISCOURAGE U.S. UNIONS OR INTERNATIONAL TRADE SECRETARIATS FROM CONTINUING THEIR LONG-TERM PROGRAMS OF COOPERATION AND ASSISTANCE WITH PERUVIAN COUNTERPARTS. CERTAINLY INTERNATIONAL TRADE SECRETARIATS (TWO OF WHICH

HAVE REGIONAL HEADQUARTERS IN PERU) HAVE AN INTEREST IN ON-GOING  
PARTICIPATION OF PERUVIAN AFFILIATES IN ITS ACTIVITIES. AID  
REGIONAL FUNDING AND OVERALL ASSISTANCE IN SUPPORT OF EDUCATIONAL  
SEMINARS, VISITOR EXCHANGE PROGRAMS AND OTHER TRADITIONAL GOALS  
OF FREE TRADE UNIONS IS LAUDABLE AND HAS A ROLE TO PLAY IN PERU.  
WE ARE CONVINCED, HOWEVER, THAT THESE PROGRAMS IN THEIR  
EXECUTION SHOULD BE GENUINE UNION-TO-UNION EFFORTS, WITH BUT  
MINIMAL USG PARTICIPATION.  
DEAN

CONFIDENTIAL

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